



Frank S. Simone
Executive Director-
Federal Regulatory

AT&T Services Inc. T: 202.457.2321
1120 20th Street, NW F: 832.213.0282
Suite 1000
Washington, DC 20036

March 30, 2007

FILED/ACCEPTED

MAR 30 2007

Federal Communications Commission
Office of the Secretary

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **REDACTED – FOR PUBLIC INSPECTION IN WC DOCKET
NO. 02-112 before the Federal Communications Commission
Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related
Requirements**

Dear Ms. Dortch:

In response to a letter dated March 13, 2007, from Donald K. Stockdale, Associate Chief, Wireline Competition Bureau, and the Information Request attached thereto, AT&T Inc. (AT&T) hereby provides narrative answers, the requested data, and the supporting documentation for the following responses: 1.g., 1.i., 2, and 4.

Much of the information contains material that is extremely sensitive from a commercial, competitive, and financial perspective, and that AT&T would not, in the normal course of its business, reveal to the public or to its competitors. **Where** appropriate, therefore, such material is being submitted on a confidential basis pursuant to the **First Protective Order**¹ and the **Second Protective Order**² in this proceeding and is appropriately marked. AT&T is filing the following responses subject to the **Second Protective Order**: 1.i, 2, and 4. All of these responses fall within the following category of “Highly Confidential Information”: “revenues or numbers of customers disaggregated by customer type and a market area smaller than the nation. . . including carrier-specific E911 line count listings.” Accompanying AT&T’s highly confidential information is a request for confidential treatment.

The confidential, non-redacted version of AT&T’s response will be made available for inspection, pursuant to the terms of the two **Protective Orders**, as applicable, at the law offices of Sidley Austin LLP. Counsel for parties to this proceeding should

¹ *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements*, WC Docket No. 02-112, First Protective Order, DA 07-1387 (rel. March 23, 2007) (**First Protective Order**).

² *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements*, WC Docket No. 02-112, Second Protective Order, DA 07-1389 (rel. March 23, 2007) (**Second Protective Order**).

³ **Second Protective Order** at para. 4. As discussed with FCC staff, AT&T has taken the additional step of masking the identity of unaffiliated providers in all of its responses.



Frank S. Simone
Executive Director-
Federal Regulatory

AT&T Services Inc. T 202.457.2321
1120 20th Street, NW F: 832.213.0282
Suite 1000
Washington, DC 20036

contact Brendan McMurrer of that firm at (202)736-8135 to coordinate access after they comply with the terms of the FCC's *Protective Orders*. Parties seeking access to AT&T's confidential documents should first serve the Acknowledgement of Confidentiality on Mr. McMurrer at Sidley Austin LLP, 1501 K Street, N.W., Washington, D.C. 20005.

AT&T is separately filing a redacted version of this submission through the Commission's Electronic Comment Filing System.

Please do not hesitate to contact me if you require additional information.

Sincerely,

/s/ Frank S. Simone

REDACTED – FOR PUBLIC INSPECTION

1.g. For each AT&T franchise area, provide: An estimate of the total number of residential consumers relying upon over-the-top VoIP for all of their voice telecommunications needs, by provider.

Response: See attached. AT&T has not prepared for its internal purposes an estimate of the total number of residential consumers relying on over-the-top VoIP service. As Qwest explained in its response to the same specification, over-the-top VoIP providers are generally not regulated' and do not file subscriber line counts by state.' Consequently, obtaining reliable data about such providers is a challenge. AT&T is currently investigating what data could be created by third-party firms that would be responsive to this specification. AT&T will supplement its response if it is able to obtain such data.

¹ *Cf. Universal Service Contribution Methodology, et al.*, WC Docket No. 06-122, Report and Order and Notice of Proposed Rulemaking, FCC 06-94 (rel. June 27, 2006) (requiring interconnected VoIP providers to contribute to the federal universal service fund).

² See Letter from Melissa Newman, Qwest, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 05-333 (filed Jan. 16, 2007).

REDACTED – FOR PUBLIC INSPECTION

1.i. For each AT&T franchise area, provide: For all AT&T affiliates and subsidiaries, including legacy AT&T, legacy BellSouth, and legacy SBC, estimates of:

i) AT&T's market share of preauthorized long distance services provided to residential customers, AT&T's market share of a local and long distance service bundle, and the elasticity of demand for AT&T's long distance services.

Response: See attached. AT&T does not internally create responsive estimates of its own market shares in the ordinary course of business. To respond to this particular specification, AT&T contracted with TNS Telecom, which used its Bill Harvesting data. AT&T understands that these data are based on customer bills that are analyzed quarterly.

REDACTED – FOR PUBLIC INSPECTION

I.i. For each AT&T franchise area, provide: For all AT&T affiliates and subsidiaries, including legacy AT&T, legacy BellSouth, and legacy SBC, estimates of:

ii) The churn rate for consumers switching among AT&T plans, and the churn rate for consumers switching to non-AT&T long distance services.

Response: *See* attached.

Attachment 1.i.

Table(s) Redacted in Full

REDACTED – FOR PUBLIC INSPECTION

2. For each AT&T franchise area, provide the number of retail residential wireline lines for which AT&T is the presubscribed interstate long distance carrier but not the local exchange carrier.

Response: See attached.

Attachment 2.

Table(s) Redacted in Full

REDACTED – FOR PUBLIC INSPECTION

4. For each AT&T franchise area and each metropolitan statistical area in AT&T's franchise area, provide for each retail business customer class (*e.g.*, small, medium and large enterprise customers) and each service class (*e.g.*, long distance voice, ATM, Frame Relay, TI and T3), an estimate of the market share of revenues (or some other generally accepted unit of measurement) for AT&T and for each of AT&T's competitors.

Response: See attached. **As** the FCC has recognized, historic market shares are at best of limited value in assessing competitive positions in a rapidly changing industry.³ **As** noted above, AT&T does not internally create responsive estimates of its own or its competitors' market shares of revenues in the ordinary course of business. To respond to this particular specification, AT&T contracted with Harte-Hanks to provide the attached data. AT&T understands that Harte-Hanks relied on phone surveys and interviews of business locations with varying numbers of employees to create the estimates contained in the attached table.

³ See, *e.g.*, *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, WC Docket No. 06-74, FCC 06-189, ¶ 108 (rel. March 26, 2007) (finding that "[m]arket share] numbers significantly overstate the likely competitive impact of the merger").

Attachment 4.

Table(s) Redacted in Full